

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

EB-07 FMC-01 INR-07 NSAE-00 CG-00 OFA-01 DLOS-04

AID-05 FRB-03 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 PA-01 PRS-01

PM-04 NSC-05 SS-15 L-03 /104 W
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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 3578

INFO USDOC WASHDC

AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY LONDON

AMEMBASSY MUSCAT

AMEMBASSY TEHRAN

USINT BAGHDAD

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COMMERCE AND LONDON ALSO FOR MARAD

E.O. 11652: N/A

TAGS: EALR, EWWT KU

SUBJECT: KUWAIT PORT AND SHIPPING DEVELOPMENTS

1. IN CONVERSATION WITH EMBOFFS, MOHAMMED MADOOH, VICE-
CHAIRMAN OF KUWAIT SHIPPING COMPANY (KSC), DISCUSSED VARIOUS
DEVELOPMENTS IN KUWAIT PORT AND SHIPPING AFFAIRS. TWO THEMES
EMERGED: THE PROSPECT OF FUTURE CONGESTION AT KUWAIT PORTS,
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AND THE OPPORTUNITIES AND DRAWBACKS IN REGIONAL SHIPPING FOR KSC.

IN CONVERSATION, EMBOFFS BROUGHT UP RECENT VISITS OF REPRESENTATIVES FROM SEA-LAND SERVICE INC. AND LYKES BROS. STEAMSHIP CO. THESE COMPANIES BROUGHT WITH THEM PROPOSALS ADDRESSED TO THESE TWO THEMES, SEA-LAND BY WAY OF ESTABLISHING A SHIPPING LINE OF CONTAINER VESSELS FOR THE GULF AREA, INCLUDING KUWAIT; LYKES BROS. BY WAY OF SELLING TWO OR MORE SEABEE BARGE-CARRYING CARGO VESSELS TO KSC. (FYI EACH SEABEE SELLS FOR ABOUT \$75 MILLION. END FYI) IN PARTICULAR, EMBOFFS NOTED THAT LYKES BROS. HAD EXPRESSED DEEP INTEREST IN KSC AS THE SHIPPING COMPANY MOST ABLE TO USE THE SEABEE SYSTEM TO CAPTURE A LARGER SHARE OF GULF SHIPPING BUSINESS.

2. COMMENTING ON THESE PROPOSALS, MADOOH EMPHASIZED REGIONAL NATURE OF PROBLEMS AND KUWAIT'S INTEREST IN REGIONAL SOLUTIONS TO THEM. MADOOH STATED THAT ANY DECISION ON PROJECTS SUCH AS THESE WOULD HAVE TO AWAIT FINAL SIGNING, THIS FALL, PERHAPS, AT INVITATION OF THE SAUDI FOREIGN MINISTER, OF THE AGREEMENT ESTABLISHING A GULF REGIONAL SHIPPING COMPANY, NEGOTIATED IN RIYADH IN JUNE AMONG REPRESENTATIVES OF ARAB GULF STATES.

3. MADOOH ACKNOWLEDGED THAT IMPORTANT FACTOR IN ANY DECISION TO EXPAND KSC CAPACITY BY PURCHASE OF NEW TECHNOLOGY CARGO VESSELS WAS RELATIVELY UNSOPHISTICATED INFRASTRUCTURE AT GULF PORTS. HE WONDERED WHETHER CONTAINER SHIPS, FOR EXAMPLE, WOULD HELP IF THE REGIONAL PORTS COULD NOT ACCOMMODATE THEM. MADOOH MENTIONED IN THIS REGARD LONG DELAYS ENCOUNTERED AT OTHER GULF PORTS IN CONTRAST WITH VERY SHORT (4-5 DAY) WAITING PERIOD AT SHUWEIKH, AND POINTED OUT THAT LARGE NUMBER OF SHIPS CURRENTLY IN KUWAIT ANCHORAGE WERE IN FACT WAITING FOR BERTH FACILITIES TO OPEN UP IN IRAQ AND IRAN.

4. IN CONNECTION WITH KHORRAMSHAHR, MADOOH ALSO MENTIONED ANOTHER INDICATION OF KSC'S INTEREST IN REGIONAL SHIPPING. HE STATED THAT KSC HAD BEGUN PURCHASES OF SMALL CARGO BARGES FROM A LOCAL KUWAITI FIRM FOR THE PURPOSE OF TRANSPORTING CARGOES FROM SHIPS DOCKED IN KUWAIT HARBOR TO IRAN.

5. MADOOH ALSO DISCUSSED THE ESTABLISHMENT OF A NEW PORT IN KUWAIT. HE SAID THAT THE FORM THIS NEW PORT WOULD TAKE WAS NOT YET CLEAR, BUT THAT IT WOULD BE EITHER AN EXTENSION OF THE LIMITED OFFICIAL USE

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PRESENT SHUWEIKH FACILITIES; MODIFICATION OF ONE OR TWO PIERS AT MINA AL-AHMADI, CURRENTLY THE MAIN OIL TERMINAL OF KUWAIT OIL COMPANY; OR ESTABLISHMENT OF A NEW CARGO PORT AT MINA AL-SAUD, CURRENTLY THE GETTY OIL COMPANY TERMINAL. (IN THIS CONNECTION ALSO, PRESS REPORTS INDICATE THAT MINISTRY OF COMMUNICATIONS IS STUDYING PLANS FOR THE EXPANSION OF KUWAIT PORT FACILITIES AT BOTH SHUWEIKH AND SHUAIBA).

6. COMMENT: THE KUWAITIS ARE CONSCIOUS OF THEIR NO. 1 POSITION IN GULF PORTS AND SHIPPING MATTERS, BUT ARE ALSO AWARE OF FUTURE STRAINS ON KUWAIT'S PORT AND SHIPPING CAPACITY ARISING FROM ITS AMBITIOUS DEVELOPMENT PROGRAMS, PARTICULARLY IN THE AREAS OF PETROCHEMICAL PLANTS, MILITARY CONSTRUCTION, HOUSING AND ROADS. THE KUWAITIS ARE, THEREFORE, WILLING TO CONSIDER, WHETHER ALONE OR IN COOPERATION WITH OTHER GULF COUNTRIES, INTENSIVE PROJECTS (NEW TYPES OF CARGO VESSELS) AND EXTENSIVE PROJECTS (NEW PORTS) TO EXPAND ITS PORT AND SHIPPING CAPACITY. BUT THEY ARE UNLIKELY TO BE RUSHED INTO DECISIONS, AND, IN ANY CASE, REGIONAL POLITICAL AND ECONOMIC CONSIDERATIONS AS WELL AS PURELY DOMESTIC FACTORS WILL BE WEIGHED CAREFULLY.
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